

Message Text

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ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 IO-13 ISO-00 AGR-05 SP-02
USIA-06 AID-05 NSC-05 EPG-02 TRSE-00 SS-15 STR-04
OMB-01 CEA-01 COME-00 L-03 H-01 CIAE-00 DODE-00
INR-07 NSAE-00 PA-01 PRS-01 ITC-01 /099 W
-----102044Z 118962 /62

P R 101445Z MAY 77

FM AMEMBASSY SAN JOSE

TO SECSTATE WASHDC PRIORITY 7298

INFO MTN GENEVA PRIORITY 0126

AMEMBASSY LONDON

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E.O. 11652: N/A

TAGS: UNCTAD, ETRD, EAGR, CS

SUBJECT: SUGAR: IMPORT QUOTAS, GSP, AND SUBSIDIES

REF: STATE 101510

1. EMBASSY APPRECIATED RECEIVING TEST OF STR PRESS RELEASE ANNOUNCING PRESIDENTIAL DECISION TO AVOID QUOTAS ON SUGAR, TO PROVIDE THE TEMPORARY SUBSIDY TO U.S. PRODUCERS, AND TO MAINTAIN GSP TREATMENT FOR ELIGIBLE LDC EXPORTERS. EMBOFFS DISCUSSED ON MAY 6 THESE DECISIONS AND THE GENERAL SUGAR SITUATION IN COSTA RICA WITH ADOLFO SHADID AND JOSE RIVERA AVALOS, OF THE SUGAR LEAGUE (LIGA AGRICOLA INDUSTRIAL DE LA CANA DE AZUCAR), A GOVERNMENT ENTITY THAT EXPORTS COSTA RICA'S SUGAR.

2. LEAGUE REPRESENTATIVES WERE GRATIFIED TO LEARN OF PRESIDENTIAL DECISIONS ON QUOTAS FOR GSP TREATMENT, BUT WERE CONCERNED THAT GSP DECISION MIGHT BE OVER-RULED BY THE U.S. CONGRESS. EMBOFFS EXPLAINED FUNCTIONING OF GSP SYSTEM AND AUTHORITY GIVEN TO THE PRESIDENT UNDER LIMITED OFFICIAL USE

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THE U.S. TRADE ACT TO MAKE DECISIONS ON PRODUCT ELIGIBILITY. LEAGUE REPRESENTATIVES WERE GRATIFIED TO LEARN THAT CONGRESS COULD ONLY AFFECT GSP TREATMENT BY MODIFYING THE LAW.

3. SUGAR LEAGUE REPRESENTATIVES WERE INTERESTED IN INFORMATION THAT 13.5 CENTS IS THE ESTIMATED AVERAGE

BREAK-EVEN PRICE FOR DOMESTIC SUGAR PRODUCERS. COSTA RICAN COSTS, THEY SAID CONFIDENTIALLY, ARE ABOUT 11 CENTS PER POUND, ALTHOUGH THEY QUOTE HIGHER FIGURES PUBLICLY AND TO GOVERNMENT REPRESENTATIVES CHARGED WITH SETTING DOMESTIC SUGAR PRICES. THEY SAID THAT COSTA RICAN SUGAR PRODUCERS WOULD BE EXTREMELY PLEASED WITH AN INTERNATIONAL SUGAR AGREEMENT THAT GAVE THEM A PRICE OF 13 CENTS PER POUND. THE FOUR LARGE NEW MILLS THAT ARE GOING ON STREAM IN COSTA RICA WOULD NOT BE PROFITABLE AT A 13 CENT EXPORT PRICE UNLESS THERE WERE AN INCREASE IN THE DOMESTIC RETAIL PRICE OF SUGAR, NOW FIXED AT 15.2 CENTS FOR PLANTATION WHITE AND 16.9 CENTS FOR HIGHLY REFINED. THEY ANTICIPATE, HOWEVER, THAT THIS STEP WOULD BE TAKEN BEFORE THE NEW MILLS GO ON STREAM.

4. SUGAR LEAGUE REPRESENTATIVES SAID THAT DECISION HAS BEEN TAKEN THAT AGRICULTURE MINISTER QUIROS WILL GO TO GENEVA WEEK OF MAY 9 TO LEAD THE COSTA RICAN DELEGATION TO THE UN SUGAR NEGOTIATIONS. HE WILL BE ACCOMPANIED BY REPRESENTATIVES OF THE SUGAR LEAGUE AND THE CHAMBER OF SUGAR CAN GROWERS.
KILDAY

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Message Attributes

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Capture Date: 01-Jan-1994 12:00:00 am
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Copy: SINGLE
Sent Date: 10-May-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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Disposition Remarks:
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